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May 11, 2006

FILED ELECTRONICALLY AND FIRST-CLASS MAIL SERVICE

The Honorable Charles L.A Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Intrastate Universal Service (USF)
Petition of the Office of Regulatory Staff for an Order Clarifying
USF Guidelines and Request for Expedited Relief
Docket No. 1997-239-C, ELS File No. 611-10116

Dear Mr. Terreni:

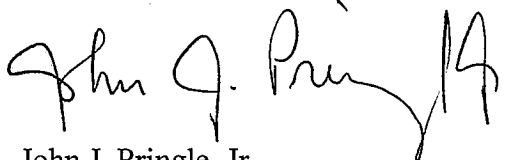
Enclosed is the **Answer of AT&T** filed by AT&T Communications of the Southern States, LLC in the above-referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope. By copy of this letter, I am serving all parties of record and enclose my certificate of service to that effect.

If you have any questions or need additional information, please do not hesitate to contact me.

With kind regards, I am

Very truly yours,



John J. Pringle, Jr.

JJP/cr
cc: all parties of record
Enclosures

**THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS
ELECTRONIC FILING INSTRUCTIONS**

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 1997-239-C

IN RE:)	
)	
Intrastate Universal Service (USF))	ANSWER OF AT&T
Petition of the Office of Regulatory Staff)	
For an Order Clarifying USF Guidelines)	
And Request for Expedited Relief)	

AT&T Communications of the Southern States, LLC ("AT&T"), pursuant to the Notice issued by the Public Service Commission of South Carolina ("Commission") dated April 11, 2006, hereby submits its Answer to the Petition of the Office of Regulatory Staff ("ORS") for an Order Clarifying USF Guidelines and Request for Expedited Relief.

INTRODUCTION

In South Carolina the obligation to pay into the State Universal Service Fund ("USF") is assessed to telecommunications carriers based upon their end user billed revenues.¹ To the extent that all carriers in South Carolina are not consistent in the reporting of relevant revenues, there will be an inequitable apportionment in the USF assessment among those carriers. Therefore, it is imperative that all carriers have a clear understanding about their obligation concerning which revenues are to be reported for USF purposes. Consequently, AT&T applauds the efforts of the ORS to bring symmetry to the reporting process.

¹ The Guidelines and Administrative Procedures for the South Carolina Universal Service Fund are set forth in Docket 97-239-C, Order No. 2001-996, October 10, 2001, Exhibits A and B.

In general, AT&T supports the proposals for clarification sought by the ORS. However, it must be noted that from the inception of this proceeding AT&T has taken the position that the South Carolina USF should be assessed to carriers based on their proportionate share of *intrastate* retail revenues and that all interstate revenues should be excluded from this process. AT&T understands that the Commission has ruled otherwise and AT&T is not at this time asserting an argument to change that ruling. AT&T recognizes that the current Guidelines and Administrative Procedures require that interstate revenues be reported and its comments that follow are premised upon that fact. Consequently, AT&T's general support of the ORS Petition should not in any way be construed to reflect a change of its position regarding the impropriety of including any interstate revenues in the USF assessment process.

SPECIFIC ISSUES

International Revenues – The Commission's Guidelines provide that all telecommunications carriers shall contribute to the State USF on the basis of "their relative shares of all retail 'end user' telecommunication revenues generated by and/or billed to an end user" in South Carolina.² The Commission specified that such revenues included intrastate and interstate revenues,³ but made no reference whatsoever to international revenues. Because some carriers are reporting international revenues and others are not, the Commission needs to clarify its intent in this regard. AT&T supports the ORS request for a declaratory ruling that international calls not be included in the USF assessment process.

² *Id.*, Exhibit A, p. 4.

³ *Id.*, Exhibit B, Administrative Procedures, p. 2.

Wireless and Broadband Revenues – As pointed out in the ORS Petition, the Commission has made no affirmative ruling that wireless or broadband revenues should be included in the USF assessment process. South Carolina Code § 58-9-280(E)(3) allows for the inclusion of wireless revenues if the wireless companies are providing local exchange service that competes with a local telecommunications service already provided in South Carolina. After having taken evidence on this issue, the Commission concluded:

We adopt the recommendation made by Staff and Verizon Wireless that we exclude wireless revenues from the base of contributions for the State USF at this time ... There has not been sufficient evidence presented in this proceeding that any wireless communications service provider competes with any local exchange service provider in South Carolina.

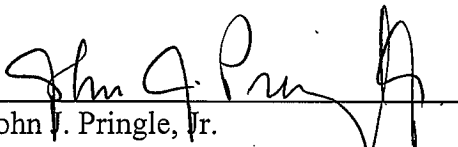
Thus, until the Commission makes a contrary finding based on additional evidence, it would be wholly improper at this time to include wireless revenues in the assessment process. Likewise, there is no basis for the inclusion of broadband revenues at this time. Therefore, AT&T supports the request of the ORS for a declaration from the Commission that wireless and broadband revenues be excluded from the assessment process.

With regard to the remaining issues raised in the ORS Petition, AT&T supports the exclusion of directory listing revenues for the reasons stated by the ORS, and giving the ORS the authority to write-off bad debts. AT&T takes no position with regard to federal USF surcharges, special access charges to end users and the imposition of USF surcharges on Lifeline customers.

CONCLUSION

There is a current need to bring uniformity to the revenue reporting process. Telecommunications carriers must have a clear understanding of which revenues should be reported in the assessment process and which should not. The ORS has identified a number of inconsistencies that need to be reconciled in order to administer the South Carolina USF on a fair and equitable basis among all telecommunications carriers. The Commission should rule on the ORS Petition to eliminate these inconsistencies without further delay.

Respectfully submitted this 11th day of May, 2006



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**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1997-239-C**

IN RE:)	
)	
Intrastate Universal Service (USF))	CERTIFICATE OF SERVICE
Petition of the Office of Regulatory Staff)	
For an Order Clarifying USF Guidelines)	
And Request for Expedited Relief)	

This is to certify that I have caused to be served this day, one (1) copy of the **Answer of AT&T** by placing a copy of same in the care and custody of the United States Postal Service, with proper first-class postage affixed hereto and addressed as follows and by electronic mail service:

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Carol Roof

May 11, 2006
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